

MINUTES OF THE MEETING  
INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE  
50TH LEGISLATIVE SESSION  
HOUSE OF REPRESENTATIVES

January 28, 1987

The sixteenth meeting of the Institutional and Cultural Education Subcommittee was called to order in Room 202-A of the State Capitol at 8:07 a.m. on January 28, 1987 by Vice-chairman Bengtson.

ROLL CALL: All members were present with the exception of Representative Miller, who was excused during the first part of the meeting. Also present were Keith Wolcott, Senior Analyst for the Legislative Fiscal Analyst (LFA); Alice Omang, secretary; George Harris of the Office of Budget and Program Planning (OBPP); Carroll South, Director of the Department of Institutions and various other visitors.

DEPARTMENT OF INSTITUTIONS:

Eastmont Training Center: Tape 16-1-A:011

Mr. South introduced Sylvia Hammer, Superintendent, and Cindy Shanley, Accounting and Fiscal Manager of Eastmont. He stated that this is one of the institutions in which they do receive federal funds so their Medicaid certification is very important. Last fiscal year, they spent about \$2 million and collected \$1.5 million and approximately \$900,000 of that was federal money, he advised.

Mr. Harris gave an overview of this budget as per exhibit 1. He informed the committee that the unfunded pay plan portion of the budget amounted to \$64,714 and there was a reduction of 2.5 FTEs (full time equivalent employees), which generated \$41,743.

(30) Mr. Wolcott reviewed the LFA budget as per exhibit 2, pages D-64 through D-67. He said that they wanted to develop a uniform method of applying vacancy savings for all the institutions so they would have a consistent application of vacancy savings for direct care staff.

(163) Mr. Wolcott distributed exhibits 3 and 4 to the committee and summarized the differences between the LFA and OBPP budgets in personal services and operating expense.

Ms. Hammer noted that in repair and maintenance, she did not believe that this was a one-time expense as their vehicles are getting old and with their age, this could happen again.

She further explained that they have already spent almost \$1,000 in recruiting costs, as professional positions are very difficult to fill in Glendive and they have to do wide range recruiting.

There was some discussion on filling positions for psychologists and speech therapists.

Ms. Hammer also advised that they have had a freeze on purchasing any equipment for the last two bienniums and they have bought no major equipment as they have needed the money for operating expenses.

She informed the committee that because of lack of staff, they are feeding cottage 2 residents in cottage 3 and this becomes very congested and the residents do better in a more quiet atmosphere.

There were comments and questions on what effects there would be in cutting 1.5 FTE in food service and 1 FTE in custodial staff.

EXECUTIVE SESSION:

Eastmont Training Center:

(508) Senator Bengtson moved that they ACCEPT the executive numbers at 90.52 FTE as they are Medicaid certified and she feels that they should proceed with an austere budget.

Representative Menke made a substitute motion to exclude the custodial worker, but add 1.5 FTE for the food service, and the FTE would be 92.02 total.

Mr. Harris noted that these reductions were based on the fact that these positions had been vacant since November of 1985 and somehow they have operated since then.

A roll call vote was taken on the substitute motion of Representative Menke and it PASSED with a vote of 4 voting aye and 2 voting no. See roll call vote #1.

Senator Bengtson moved that they adjust the figures to meet that motion. The motion CARRIED unanimously.

Senator Bengtson moved that the audit fees be taken out of the executive budget and ACCEPT the executive's budget for utilities, include the \$909 for repair and maintenance and also include the \$657 each year for recruiting costs, i.e., ACCEPTING the LFA's figures with adding in the executive's figures for utilities. The motion CARRIED unanimously.

Senator Bengtson moved that they give a biennial appropriation of \$10,000 for equipment. The motion CARRIED unanimously.

Tape: 16-1-B:006

Mr. Wolcott advised that he would adjust the general fund based on the motions that have been made and by tomorrow morning, they should have what the vacancy savings will be for direct care.

FEASIBILITY OF SELLING VARIOUS STATE INSTITUTIONS:

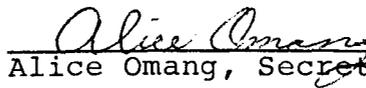
Chairman Miller distributed exhibit 5, "A Report on the Feasibility of Selling Various State Institutions" and referred to page 16, which reviewed selling the Eastmont Training Center in Glendive.

(86) Mr. South requested that the committee also read their recommendations on page 20 and stated that when this report was put together, he was very naive about what would be involved in the sale of a state institution to the private sector. He told of his problems in selling the Montana Youth Treatment Center.

ADJOURNMENT: There being no further business, the meeting was adjourned at 9:30 a.m.



REPRESENTATIVE MILLER, Chairman



Alice Omang, Secretary



ROLL CALL VOTE

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE

DATE January 28, 1987

AGENCY Eastmont Training Center

NUMBER #1

NAME	AYE	NAY	
REP. RON MILLER, CHAIRMAN		X	
SEN. BENGTON, V. CHAIRMAN		X	
SEN. HAFHEY	X		
SEN. TVEIT	X		
REP. MENAHAN	X		
REP. MENKE	X		

TALLY

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*Alice Among*  
Secretary

*Ron Miller*  
Chairman

Motion: To exclude the custodial worker, but add 1.5  
FTE for the food service, and the FTE would be 92.02  
total.

EASTMONT TRAINING CENTER

EXHIBIT 1  
1/28/87  
George Hannis  
Eastmont S-199

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	93.02	93.02	90.52	90.52
Personal Services	1,737,472.81	1,741,260	1,875,439	1,888,344
Operating Expenses	349,988.38	340,664	327,321	322,517
Equipment	0.00	548	7,207	0
<b>Total Agency Costs</b>	<b>\$2,087,461.19</b>	<b>\$2,082,472</b>	<b>\$2,209,967</b>	<b>\$2,210,861</b>
General Fund	2,084,528.55	2,079,472	2,205,967	2,206,861
State Special Revenue Fund	2,932.64	3,000	4,000	4,000
<b>Total Funding Costs</b>	<b>\$2,087,461.19</b>	<b>\$2,082,472</b>	<b>\$2,209,967</b>	<b>\$2,210,861</b>
Current Level Services	2,087,461.19	2,082,472	2,209,967	2,210,861
<b>Total Service Costs</b>	<b>\$2,087,461.19</b>	<b>\$2,082,472</b>	<b>\$2,209,967</b>	<b>\$2,210,861</b>

**Agency Description**

The Eastmont Human Services Center provides a seven-day intermediate nursing care and training program for mentally retarded persons. The staff at the center offers instruction in academics, home living, recreation and physical education, speech, pre-vocational skills, self-help, and socialization. The center's goal is to maintain and improve these residents' skills to enable them to function in the community. To achieve this objective, the staff at Eastmont emphasizes cooperation with community groups and agencies and the education of the public regarding developmental disabilities and mental retardation. This facility is provided for in 53-20-502, MCA.

**Budget Issues**

The deletion of 2.50 FTE is recommended in order to meet the budget reductions established by the June 1986 Special

Session of the legislature. This action will save roughly \$42,000 each year.

A 4% vacancy savings factor has been applied to this agency.

The agency reduced over \$43,000 from their base operational budget because of the completion of structural renovations required to maintain federal standards after a Health Care Financing Administration (HCFA) survey in FY86.

The additional contracted services in FY88 is primarily due to audit fees and an increase in the laundry contract. Inflationary adjustment accounts for most of the increase in supplies and materials.

The recommended equipment is primarily to meet the needs of the residents. Specifically, this equipment includes a prone stander, a geriatric recliner, dining room chairs and drapes.

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EXHIBIT 2  
1/28/87  
K. Wolcott  
Eastmont

EASTMONT TRAINING CENTER  
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	----- Biennium ----- General Fund	Total Funds
Executive Budget	90.52	\$4,412,828	\$4,420,828
LFA Current Level	93.02	4,478,814	4,486,814
Executive Over (Under) LFA	<u>(2.50)</u>	<u>\$ (65,986)</u>	<u>\$ (65,986)</u>

The executive budget has 2.50 FTE less than LFA current level and \$65,986 less in general fund. The differences between the executive budget and LFA current level are discussed in the two issues that follow.

ISSUE 1: PERSONAL SERVICES

The executive budget deletes 2.5 FTE that remain in LFA current level at a cost of \$72,993.

ISSUE 2: AUDIT COSTS

The executive budget includes \$10,000 of audit costs that the LFA current level has consolidated within the Department of Institutions Central Office.

K.W. (2)

EASTMONT TRAINING CENTER

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	93.02	93.02	93.02	93.02	0.00
Personal Service	\$1,737,473	\$1,741,260	\$1,911,431	\$1,925,345	10.3
Operating Expense	349,993	340,664	316,844	321,235	(7.6)
Equipment	-0-	548	7,679	4,280	2,082.3
<b>Total Expenditures</b>	<b>\$2,087,466</b>	<b>\$2,082,472</b>	<b>\$2,235,954</b>	<b>\$2,250,860</b>	<b>7.6</b>
<b>Fund Sources</b>					
General Fund	\$2,084,533	\$2,079,472	\$2,231,954	\$2,246,860	7.6
State Special	2,933	3,000	4,000	4,000	34.8
<b>Total Funds</b>	<b>\$2,087,466</b>	<b>\$2,082,472</b>	<b>\$2,235,954</b>	<b>\$2,250,860</b>	<b>7.6</b>

Eastmont Training Center is a 55-bed intermediate care facility for mentally retarded adults and children. The center provides care, treatment, and education services to mentally retarded residents of the state under the authority of Title 53-20-204, MCA. The center was budgeted for an average daily population of 53 for the 1987 biennium. The actual population averaged 53 in fiscal 1986.

Personal services increase 10.3 percent from the 1987 biennium to the 1989 biennium. The largest single factor causing this increase is the large rate increase in workers compensation charged for institutional employees. Eastmont's employee benefits increase from 17.2 percent of salaries in the 1987 biennium to 22.2 percent of salaries in the 1989 biennium for an overall increase of 41.4 percent, or \$194,175. Other personal service increases are a result of approximately \$130,000 of vacancy savings required in fiscal 1987 to meet the budget, and the pay increase between fiscal 1986 and 1987.

Operating costs decrease 7.6 percent primarily because of one-time expenditures made in fiscal 1986 to maintain medicaid certification.

General fund increases 7.6 percent as a result of the increases in personal services.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to appropriations as anticipated by the 1985 legislature.

**Table 1**  
**Comparison of the Appropriation to Actual Expenses - Fiscal 1986**

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	93.02	93.02	0.00
Personal Service	\$1,737,338	\$1,737,473	\$ (135)
Operating Expense	340,141	349,993	(9,852)
Equipment	4,000	-0-	4,000
<b>Total Expenditures</b>	<b><u>\$2,081,479</u></b>	<b><u>\$2,087,466</u></b>	<b><u>\$(5,987)</u></b>
<b>Funding</b>			
General Fund	\$2,078,479	\$2,084,533	\$(6,054)
State Special	<u>3,000</u>	<u>2,933</u>	<u>67</u>
<b>Total Funds</b>	<b>\$2,081,479</b>	<b>\$2,087,466</b>	<b>\$(5,987)</b>
PT General Fund	<u>\$ 17,449</u>	<u>-0-</u>	<u>17,449</u>
<b>Total Funds</b>	<b><u>\$2,098,928</u></b>	<b><u>\$2,087,466</u></b>	<b><u>\$11,462</u></b>

Personal services were \$135 over the authorized level after adjusting for the Governor's 2 percent cut. Operating expenses were overexpended \$9,852 as a result of repairs and modifications done to the center to meet medicaid certification. These expenditures totaled \$43,384; therefore, the center had to reduce other expenditures for the difference of \$33,532. These reductions were mostly in contract services and in supplies and materials where expenditures were \$19,000 and \$14,000 less than authorized, respectively. Audit fees were \$8,500 less than authorized in fiscal 1986, while laundry services were \$5,000 less than authorized and legal fees were \$3,500 less than authorized. Other various contracts were approximately \$2,000 less than the legislature authorized. Supply savings were primarily in general and administrative supplies where \$14,540 less than authorized was spent. Some of this savings was offset by an overexpenditure of \$2,500 in food items. Medical and drug supplies were \$1,700 under the authorized levels.

The center spent none of its equipment authorization. The general fund authorized by the legislature and reduced by the Governor's cut was insufficient to fully fund the center in fiscal 1986. Therefore, the Director used the transfer authority in House Bill 500 to transfer \$17,449 from the Montana State Hospital to the center to cover the general fund shortfall.

Current Level Adjustments

Operating costs have been decreased \$43,384 for one-time expenditures made to comply with recommendations of the Federal Health Care Financing Administration (HCFA) after its onsite review in August 1985. Contract services have been increased to meet a 2 cent per pound increase in the laundry contract which totals \$3,284 each year of the biennium. Also increased is the legal contract to allow one

hour per resident per year for recommitment. The legal fees increase \$890 to \$2,475. Audit fees are included in the central office budget at \$9,240 based on a quote from the Office of the Legislative Auditor. Maintenance contracts were increased \$2,361. Other minor adjustments amount to \$1,500 while inflation accounts for the balance of the increase or \$15,450.

Equipment totals \$7,679 in fiscal 1988 and \$4,280 in fiscal 1989. The following is a list of the equipment included.

Table 2  
Equipment in Current Level for Eastmont Training Center

	<u>FY 1988</u>	<u>FY 1989</u>
Dining room chairs (replacement)	\$ 600	\$ 600
Draperies Cottage III (replacement)	5,475	-0-
Prone Stander (new)	759	-0-
Floor Mats (new)	348	348
Activity Tables (replacement)	497	497
Circulatory assistance pad	-0-	1,110
Knife sharpener for kitchen	-0-	200
Microfiche reader/printer	-0-	<u>1,525</u>
<b>Total Equipment</b>	<b><u>\$7,679</u></b>	<b><u>\$4,280</u></b>

General fund increases \$147,421 in fiscal 1988 and \$162,327 in fiscal 1989. These increases result primarily from the increases in personal services. The Center's state special revenue account for donations is increased to \$4,000 to allow additional authority to spend donated funds.

**MONTANA VETERAN'S HOME**  
**COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL**

	FTE FY '89	----- Biennium ----- General Fund	----- Total Funds
Executive Budget	70.80	\$1,144,833	\$3,939,715
LFA Current Level	<u>74.00</u>	<u>1,046,792</u>	<u>4,050,985</u>
Executive Over (Under) LFA	<u>(3.2)</u>	<u>\$ 98,041</u>	<u>\$ (111,270)</u>

The executive budget is 3.2 FTE under the LFA current level and \$111,270 under LFA current level total funds. The executive includes \$98,041 more general fund than LFA current level. The differences between the executive budget and LFA current level will be discussed in the three issues that follow.

**ISSUE 1: PERSONAL SERVICES**

The executive budget deletes 3.2 FTE that remain in LFA current level at a cost of \$103,102 for the biennium.

**ISSUE 2: AUDIT COSTS**

The executive budget includes audit costs of \$8,000 in fiscal 1988. LFA current level consolidates all audit costs in the Department of Institutions Central Office.

**ISSUE 3: FUNDING**

The executive budget includes \$98,041 more general fund than LFA current level. This difference results from lower federal Veteran's Administration revenue of \$38,000 and lower estimated third party revenue of \$171,311. This lower total other revenue of \$209,311 netted with higher LFA current level expenditures results in \$98,041 more general fund in the executive than LFA current level.

Exh-bit 3  
12/8/89  
K. Wolcott  
Eastmont

AGENCY: EASTMONT TRAINING CENTER  
PROGRAM: CARE AND CUSTODY  
LEGISLATIVE ACTION

BUDGET ITEM	FY 1986 Actual	Executive Current Level	Fiscal 1988 Current Level	Difference	Executive Current Level	Fiscal 1989 Current Level	Difference	FY 86-88 % Change
FTE	93.02	90.52	93.02	-2.50	90.52	93.02	-2.50	0.00
Personal Services	\$1,737,473	\$1,875,439	\$1,911,431	(\$35,992)	\$1,888,344	\$1,925,345	(\$37,001)	0.10
Operating Expenses	\$349,993	\$327,321	\$316,844	\$10,477	\$322,517	\$321,235	\$1,282	-0.09
Equipment	\$0	\$7,207	\$7,679	(\$472)	\$0	\$4,280	(\$4,280)	ERR
<b>TOTAL EXPENSES</b>	<b>\$2,087,466</b>	<b>\$2,209,967</b>	<b>\$2,235,954</b>	<b>(\$25,987)</b>	<b>\$2,210,861</b>	<b>\$2,250,860</b>	<b>(\$39,999)</b>	<b>0.07</b>
<b>FUNDING</b>								
General Fund	\$2,084,533	\$2,205,967	\$2,231,954	(\$25,987)	\$2,206,861	\$2,246,860	(\$39,999)	0.07
State Special Rev	\$2,933	\$4,000	\$4,000	\$0	\$4,000	\$4,000	\$0	0.36
<b>TOTAL FUNDING</b>	<b>\$2,087,466</b>	<b>\$2,209,967</b>	<b>\$2,235,954</b>	<b>(\$25,987)</b>	<b>\$2,210,861</b>	<b>\$2,250,860</b>	<b>(\$39,999)</b>	<b>0.07</b>

Personal Services

1. The executive deleted a 1.0 FTE custodial worker and 1.50 FTE food service worker that remain in the LFA current level costing \$40,685 in fiscal 1988 and \$40,906 in fiscal 1989.
2. The executive includes overtime, differential, and holidays worked of \$3,248 more in fiscal 1988 and \$2,707 more in fiscal 1989 than the LFA current level.

Operating Expense

1. The executive includes audit fees of \$9,240 in fiscal 1988 that are included in the central office in the current level.
2. The executive utilities are \$2,716 higher than the LFA current level in fiscal 1988 and \$2,847 more in fiscal 1989.

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3. The executive repair and maintenance is \$909 less than the LFA current level due to various small differences.

4. The executive cut recruiting costs \$657 each year that the LFA did not.

*Exhibit 4*  
*1/28/87*  
*K. Wokoff*  
*Eastmont*

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

REPORT EBSR106  
 DATE : 01/07/87  
 TIME : 15/24/40

AGENCY : 6405 EASTMONT TRAINING CENTER  
 PROGRAM : 12 CARE & CUSTODY  
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 88	LFA FY 88	DIFF FY 88	SUB-CMT FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89	SUB-CMT FY 89
0000	FULL TIME EQUIVALENT (FTE)	90.52	93.02	-2.50	---	90.52	93.02	-2.50	---
1100	SALARIES	1,501,235	1,528,371	-27,136	---	1,500,008	1,527,032	-27,024	---
1400	EMPLOYEE BENEFITS	325,387	323,998	1,389	---	340,057	339,068	989	---
1500	HEALTH INSURANCE	126,960	131,100	-4,140	---	126,960	131,100	-4,140	---
1600	VACANCY SAVINGS	-78,143	-77,703	-440	---	-78,681	-78,079	-602	---
1800			5,665	-5,665	---		6,224	-6,224	---
	TOTAL SECOND LEVEL	1,875,439	1,911,431	-35,992	---	1,888,344	1,925,345	-37,001	---
2022	SUPPLIES & MATERIALS-INFLATION	3,803	3,613	190	---	6,376	6,272	104	---
2026	UTILITIES-INFLATION		2,014	-2,014	---		3,746	-3,746	---
2100	CONTRACTED SERVICES	101,862	92,622	9,240	---	92,622	92,622	---	---
2200	SUPPLIES & MATERIALS	107,677	107,678	-1	---	107,677	107,678	-1	---
2300	COMMUNICATIONS	9,614	9,704	-90	---	9,614	9,704	-90	---
2400	TRAVEL	1,794	1,806	-12	---	1,794	1,806	-12	---
2500	RENT	124	124	---	---	124	124	---	---
2600	UTILITIES	82,112	77,382	4,730	---	83,975	77,382	6,593	---
2700	REPAIR & MAINTENANCE	19,104	20,013	-909	---	19,104	20,013	-909	---
2800	OTHER EXPENSES	1,231	1,888	-657	---	1,231	1,888	-657	---
	TOTAL SECOND LEVEL	327,321	316,844	10,477	---	322,517	321,235	1,282	---
3100	EQUIPMENT	7,207	7,679	-472	---		4,280	-4,280	---
	TOTAL PROGRAM	2,209,967	2,235,954	-25,987	---	2,210,861	2,250,860	-39,999	---
01100	GENERAL FUND	2,205,967	2,231,954	-25,987	---	2,206,861	2,246,860	-39,999	---
02925	EASTMONT-DONATIONS	4,000	4,000	---	---	4,000	4,000	---	---
	TOTAL PROGRAM	2,209,967	2,235,954	-25,987	---	2,210,861	2,250,860	-39,999	---

(4)

Exhibit 5  
1/28/87  
Rep. Miller

A Report on the Feasibility  
of Selling Various State Institutions

Submitted to the 1987 Legislature

by the Department of Institutions

